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April 2003

TO: Gary Murakami, Manager Special Assessments Unit
Office of the City Clerk
City of Los Angeles

FROM: Kent Smith, Executive Director
Fashion District of Los Angeles Business Improvement District

SUBJECT: First Quarter Activity Report
January 1, 2003 through April 30, 2003

The purpose of the 2003 First Quarter Report is to summarize key activities that were necessary to accomplish the goals of the District Management Plan and to comply with the terms outlined in the contract Agreement C-97871 between the City of Los Angeles and the Downtown Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

This report outlines Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 2.9 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district.

A clear understanding of the performance of contractors, personnel, facilities and equipment enables management to deliver quality results consistent with the high standard of service outlined in the District Management Plan.

ADMINISTRATION

District Governance

BID Renewal

During January, the Board of Directors approved the draft District Management Plan and prepared to start the petition process in order to meet city and county deadlines. Securing 50% plus one (1) of the petition vote is required to put the renewal proposal on the Proposition 218 ballot to obtain a final approval for the renewal of the district. If the petition campaign fails to reach the goal there will be no ballot vote in May, and the BID terminates in 2004.

During February several property owners proposed starting a new organization called the LA Apparel District (LAAD) that would offer an alternate BID to the LA Fashion District in a smaller area. The LAAD proposed this alternative BID under the Alpha BID, a City approved ordinance that requires a 30% property owner approval vote. During this time, three of the fifteen Board members resigned from the LA Fashion District BID Board of Directors.

The proposed management plan which had been approved by the Board of Directors in January was revised to ensure a greater likelihood of gaining support from property owners representing over 50% of the assessment. In the revised plan, the district boundaries were redrawn to exclude areas of marginal support in an effort to consolidate a 50% approval. Plans for expanding the district east of San Pedro Streets were terminated. A new budget based on the adjusted boundaries was calculated and the effects on services considered. The new plan and budget were approved by the Board in February.

In March, the LA Fashion District mailed petitions to property owners and mounted an intense campaign to secure the broadest approval rate by obtaining the 50% plus petition signatures required by the State of California BID Ordinance. By March 31st, 2003, the Fashion District secured nearly 49% approval for renewal. An overwhelming number of stakeholder and community supporters continue to work diligently and expect to reach the goal within several days. (As of 4-30-03 we reached 56% support.)

During March, the LA Apparel District also mailed petitions and an alternative District Management Plan to property owners within their proposed boundaries.

Bylaws Review Committee

An ad hoc Bylaws Review Committee was formed in 2002 to review the Bylaws of the Downtown Property Owners Association that were developed in 1998.

Issues included:

- Institutionalizing a democratic voting process
- Weighted votes
- Ensuring Board accountability
- Maintaining a fair and objective organizational structure that ensures diversity and representation from property owners of the BID
- Term limits

After several unsuccessful attempts to focus on the specific issues, the Board agreed to arrange a proposal to obtain outside mediation in order to resolve the issues. A team of mediators was hired to assist the Board and property owners in a one-day mediation session to propose revisions to the Bylaws and draft provisions for a new election format. The mediation team consisted of Brad Segal, a nationally recognized mediator and consultant who has worked with the LA Fashion District on previous projects; and, John Lambeth, the attorney who crafted the original State of California BID legislation and the 1998 Fashion District Bylaws. (See attached letter dated January 18, 2003.)

Revised Bylaws were approved by the Board of Directors in February. New provisions for elections were incorporated and include (1) Election by weighted property owner vote; (2) All stakeholders are members of the DPOA; (3) Term Limits; (4) Brown Act compliance.

Annual Meeting Open House

The Fashion District hosted a property owner Annual Meeting Open House on March 20, 2003. The day-long open house provided an opportunity for stakeholders to meet one-on-one with the Board of Directors and staff to discuss service programs and the BID renewal.

Advocacy

Community Court

Congresswoman Lucille Roybal-Allard allocated \$800,000 for the Community Court project however resistance from Judge Robert Dukes, Superior Court, Los Angeles County, is delaying implementation. The LA Fashion District and downtown BIDs are working with various public officials and stakeholders to bring a community court to downtown Los Angeles. The BIDs recently sent letters to the Governor and the Superior Court Presiding Judge urging them to create the innovative court that will deal with quality of life crimes in downtown Los Angeles.

IDA Homeless Task Force

L.A.'s Skid Row and homeless situation are the worst in the United States according to a panel of visiting professionals that included specialists from HUD and major cities in the U.S. The Task Force also commended the BIDs for performing a remarkable job of balancing the rights of homeless individuals and business owners while keeping the downtown clean and safe. The Fashion District's challenge continues to focus on our north border to eliminate drug activity and maintain civility on the street.

We are extremely pleased that City Council has approved the funding to allow emergency shelter beds to remain open beyond March 15, 2003. A special thanks goes to Council Member Jan Perry's office.

Midnight Mission Construction Progress

The Fashion District and Central City East Association met with representatives from the Midnight Mission on February 11th to discuss the plans for the new Midnight Mission facility to be located at 6th and San Pedro.

Property owners in both districts are concerned about the impact of the new facility on the business communities. While there is support for the new facility, the BIDs agree that the Midnight Mission should have a "good neighbor policy" in order to minimize the problems such

operations create for adjacent businesses. Several conditions were proposed including: elimination of line-ups for food and shelter facilities on public sidewalks; provisions for accessible restroom facilities for the homeless that would eliminate the need for portable toilets on 7th Avenue between Maple and San Pedro.

LAPD Headquarters Relocation

On February 14th, the Fashion District and CCA's Government Center Committee hosted the City's Chief Legislative Analyst Ron Deaton, in a discussion about the future of Parker Center and a potential new LAPD Headquarters.

The City is in the process of determining whether the current Parker Center building can be "managed" for up to four years while construction is completed on a new police facility. If problems with Parker Center cannot be mitigated, then an interim headquarters will be selected. Potential interim sites include buildings in the Historic Core, Transamerica Center, and several others.

Parker Center provides approximately 250,000 square feet of space. In addition, the City leases 150,000 square feet in the Historic Core for police personnel. A new facility would house LAPD headquarters, a jail facility and a much-needed fire station in Downtown. A site, recently purchased by the City at the northeast corner of 1st and Alameda Streets, is currently being considered. The proposed facility could provide 350,000 to 500,000 square feet of space. The building site is considered appealing because it would be located adjacent to the proposed Gold Line/Eastside Extension/1st Street Metro station. A full Council will take up the issue as soon as Parker Center facility safety issues are mitigated.

Special Projects

MTA Grant Application Updates

Two applications for streetscape and gateway project funding were submitted to the Metropolitan Transit Authority for the 2003 TIP Call for Projects. Both applications were approved by the City Council to continue in the process. MTA's final determinations are expected mid-summer 2003.

The Streetscape II Project was submitted for \$1.3 million and ranked #3 in the City Council priority list. The project will revitalize the pedestrian corridor from central downtown along 7th Street, south on Los Angeles Street to Olympic and connect with the Streetscape Project I, on streets surrounding Santee Alley, that was already approved by MTA for \$1.6 million. The second application requests \$987,000 to fund a destination gateway project. An archway or similar permanent monument structure is planned. Additional smaller monuments incorporating design elements from the main gateway are planned for heavily trafficked entrances into the district to convey an additional sense of place to visitors.

Sidewalk & Street Repairs

A combination of the restricted city budget and the end of the fiscal year in June 2003 has limited the progress in street repairs and sidewalk improvement projects. The BID continues efforts to obtain as much repair work as possible. Most recently a 3 foot deep sink hole at Santee and Pico was filled thanks to Councilwoman Jan Perry at Council District 9. The BID continues to get potholes fixed and work with city departments to remedy problem areas.

Councilman Nick Pacheco at Council District 14 has approved a sidewalk repair project on 8th Street.

Wayfinding Signage Update

The Bureau of Engineering, Bureau of Street Services, and Street Lighting have agreed to and signed off on the proposed design. Installation is expected in Fall 2003.

Urban Land Institute Marketplace

Over 100 economic development information packets were distributed at this year's event for real estate agents. As a result of this networking opportunity the BID had subsequent meetings with 7 Eleven and McDonald's representatives. 7 Eleven is researching possible sites in the Fashion District. McDonald's is in the process of relocating to Broadway & Olympic; the new owner will be building fashion related business spaces.

California Preservation Award

The Historic Downtown Los Angeles Design Guidelines received the 2003 Preservation Design Award from the California Preservation Foundation. The event was held in the Fairmont Hotel in San Francisco on February 8, 2003 where 19 exemplary projects in California were honored for restoration efforts.

The LA Fashion District partnered with the Downtown Center BID, Historic Core BID, and the LA Conservancy to develop a set of guidelines to facilitate rehabilitation of Los Angeles' most under-utilized treasures in its historic downtown. Funded by a "Preserve LA" Grant from the Getty Foundation, the purpose of the Guidelines is to assist in the effective preservation, rehabilitation, and adaptive reuse projects. The Guidelines propose to restore the storefronts while adaptively reusing the upper levels for alternative uses, such as live-work lofts and apartments.

Finance

Approval of 2002 Financial Statements

Stanislawski & Harrison Accounting Firm conducted a full audit of the 2002 Financial Statements and found the records in compliance with General Accounting Procedures. The document was submitted to the Office of the City Clerk in March.

OPERATIONS

Nearly 70% of the annual budget is allocated to Clean & Safe programs. Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district. The following statistics are selected categories from the contact database.

Security

14,523 total Safe Team contacts were recorded during the first quarter – an 11% increase in activity over the first quarter of 2002. Sidewalk Sales, Graffiti Vandalism and Trespassing continue to be the primary contact problems during the first quarter. Through the efforts of the BID to conduct outreach and the efforts of the Midnight Mission to provide an alternative to sleeping on the street, we have successfully addressed the most pressing needs of our homeless in the district. A bed is available through The Midnight Mission whenever we refer a person in need.

The Drinking in Public, Labor Worker Incidents, Loitering, Aggressive Panhandling, Burglary, and Motor Vehicle Burglary contact categories were included in this report for the first time, because of persistent or fluctuating recurrence, and increasing problems associated with these nuisance behaviors.

Contact Comparison: 2002-2003 First Quarters

<u>Category</u>	2003	2002	<u>% Variance</u>
Overall Contacts			
All Zones	14,523	13,181	11% Increase
Sidewalk Sales	3,022	2,941	
Graffiti Vandalism	2,037	2,095	
Trespassing	2,177	1,620	
Drinking In Public	901	347	
Labor Worker Incidents	213	134	
Loitering	1,267	481	
Aggressive Panhandling	502	165	
Burglary	12	8	
Motor Vehicle Burglary	12	19	

Sharp increases in contacts involving loitering, drinking in public and aggressive panhandling are the result of new proactive measures implemented to reduce these types of nuisance behaviors.

80% Reduction in Illegal Sidewalk Sales

Safe Team members are assisting LAPD, Department of Health, and P.A.C.E. to gain compliance with illegal sidewalk sales in the LA Fashion District. During the months of January and February the BID distributed flyers in Spanish and English to illegal vendors selling food products. The flyers provided information on the rules and regulations pertaining to the prohibition of sales on the sidewalk. Illegal sidewalk sales vendors were also advised that if voluntary compliance was not gained, the BID would make private person's arrests.

The Safe Team is now making private person's arrests and over 40 contacts were made on Saturday, April 5th, resulting in arrest and or abandonment of the fruit which was destroyed per health codes. We have significantly reduced food vendors and are now addressing merchandise.

Trespass Form Campaign

BID Operations staff is contacting every property owner and merchant in the 82 block district to obtain signed trespass form that will allow them to contact trespassers and arrest if necessary. Unfortunately many properties are refusing to sign. We are unable to assist them with a person trespassing without the form. This form also allows us to contact illegal sidewalk sales vendors that set up on their property.

Good Neighbor Agreements

In partnership with the Department of Alcoholic Beverage Control (ABC) and the LAPD, the LA Fashion District BID is meeting with district stores that sell alcohol. The BID has received numerous complaints about alcohol sales and drinking in public. The BID will use education and Good Neighbor Agreements to effectively reduce the uncivil behavior that negatively impacts our district. Most stores, using good business practices have no further incidents. LAPD and ABC will use enforcement if other efforts fail to gain compliance.

Maintenance

Trash Statistic Comparison

Trash tonnage collected in the 2003 First Quarter decreased 35% over 2002 First Quarter collections. Trash decreases may be attributed to a drop in the economy.

2003 First Quarter
470 Tons

2002 First Quarter
634 Tons

Reducing in Illegal Trash

Clean Team and Safe Team working together are identifying the businesses that habitually throw their trash into the alley or the street for the BID to clean up. A contact is made by the Operations Director to provide educational materials such as Alley Conversion Project, dumpster requirements, etc. On a repeat offense the business is cited by the BID and the information is forwarded to the Department of Public Works. A special team with Illegal Dumping is working with the BID on the repeat offenders. In February we installed a roll off dumpster on donated property near Main and Washington. This has allowed our drivers to reduce the number of trips to the transfer station by 50%, allowing for additional hours spent picking up trash with the results showing our streets remaining cleaner longer.

Trash Storage

Weekend trash storage problems have been solved with a partnership between the BID and a property owner just outside the current BID boundaries. The new location for roll off dumpsters at Main & Washington is convenient and a more efficient storage method than the previous arrangement. In return the BID removes graffiti tags from the owner's building.

The BID is also working with Street Use to obtain space for a trash compactor to reduce the amount of trash that fills district storm drains and causes flooding and pollution.

Automated Sidewalk Cleaning Performance

Over 7 million square feet of sidewalk was scrubbed and swept during the first quarter, slightly more/less footage than recorded for the 2002 First Quarter.

First Quarter Sidewalk Cleaning Performance Comparison

2003
7 Million Square Feet

2002
5 Million Square Feet

IMAGE & COMMUNICATIONS

Publicity

The LA Fashion District hosted a media tour of the district for The Daily Breeze Newspaper and a freelance reporter who writes for People Magazine. Press kits and information on fashion week was provided for nine reporters who could not attend the tour on March 31, 2003.

The LA Fashion District name is now on the “top of mind” awareness list for media sources. Increased efforts to reach media outlets are paying off with multiple mentions of the Fashion District as a great place to shop and as a reference for describing the location of newsworthy events.

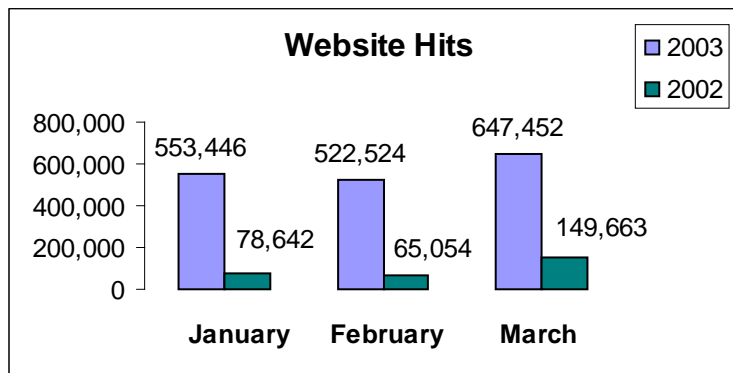
FIRST QUARTER COMPARISONS

Media Impressions

	January	February	March	Quarter Total
2003	14,034,847	4,101,452	10,352,452	28,488,751
2002	5,149,042	7,970,854	9,834,263	22,954,159

Website Hits

	January	February	March	Quarter Total
2003	553,446	522,524	647,452	1,723,422
2002	78,642	65,054	149,663	293,359



ATTACHMENTS

BID Renewal Brochure

Correspondence Regarding Bylaws Revisions: January 18, 2003

2002 Annual Report

LA Fashion District Media Coverage (selected press clips)

- *Bright Lights, Big City* Women's Wear Daily March 2003
- *Fashionistas Descend* LA Downtown News March 2003
- *Word on the Street* Women's Wear Daily March 2003

FINANCE

We have enclosed the first six months financial results for the period ending June 30, 2003. The results are unaudited but fairly reflects the financial situation of the LA Fashion District.

Downtown Property Owners Association Summary of Unaudited Financial Information 6 months ended on June 30, 2003

	2003	2002
ASSETS		
Total Current Assets	\$ 2,713,230	\$ 2,795,682
Total Property and Equipment	\$ 113,631	\$ 91,826
Total Other Assets	\$ -	\$ 1,674
Total Assets	\$ 2,826,862	\$ 2,889,182
LIABILITIES		
Current Liabilities	\$ 1,493,277	\$ 1,370,703
Long Term Liabilities	\$ -	\$ -
Retained Earnings	\$ 1,333,585	\$ 1,518,479
Total Liabilities & Equities	\$ 2,826,862	\$ 2,889,182
Revenue		
Assessment Revenue	\$ 1,348,879	\$ 1,360,179
Assess. Rev. - Santee Alley	\$ 68,092	\$ 68,094
Investment Income	\$ 16,039	\$ 13,335
Other Revenue	\$ 27,283	\$ 2,742
Total Revenue	\$ 1,460,292	\$ 1,444,351
Expenses		
Maintenance	\$ 565,229	\$ 493,897
Public Safety	\$ 472,764	\$ 419,459
Image & Communication	\$ 80,419	\$ 108,497
Administration	\$ 73,910	\$ 78,781
Uncollectable Assessment Allow	\$ 72,364	\$ 62,496
City Collection Costs	\$ 6,337	\$ 6,500
Santee Alley	\$ 67,980	\$ 68,094
Depreciation	\$ 19,249	\$ 17,496
BID Renewal	\$ 277,000	\$ 1,447
Total Expenses	\$ 1,635,252	\$ 1,256,666
Net Income/(Loss)	\$ (174,960)	\$ 187,685

July 2003

TO: Gary Murakami, Manager Special Assessments Unit
Office of the City Clerk
City of Los Angeles

FROM: Barry Gold, Chair, Board of Directors
Kent Smith, Executive Director
Fashion District of Los Angeles Business Improvement District

SUBJECT: Second Quarter Activity Report
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ADMINISTRATION

District Governance

BID Renewal

In the Petition Drive phase of the renewal, the Board of Directors, supporting property owners, and staff contacted nearly every property owner in the LA Fashion District to encourage support of continuing BID services. During individual meetings and hundreds of telephone calls, database contact information was updated. As a result of outstanding volunteer efforts, 56% of the district property owners voted in favor of renewing the LA Fashion District Business Improvement District. At the same time, the competing LA Apparel District BID also mailed petitions and an alternative District Management Plan to property owners within their proposed boundaries. The LAAD also reach their goal of 30% property owner approval required by the Alpha-BID.

The office of the City Clerk reviewed materials from both proposed BIDs. The City Clerk determined that State Law does not allow two property BIDs to have overlapping boundaries or for a competing BID to challenge an existing BID. The City's Alpha BID ordinance was intended to be a subset of state law allowing for a lower petition threshold in economic incentive zones.

In an effort to resolve the issues between the LA Fashion District BID and the proposed LA Apparel District, Council Member Jan Perry requested a mediation session. Council Member Perry's concern was to reach a compromise between the two groups as a better way to renew the BID. If a compromise is not reached, the City Council could choose to make changes that are not in the favor of either party.

On May 28, 2003, the City Attorney's Dispute Resolution Committee presided over the mediation session where the two groups agreed to identify outstanding issues regarding the Board Bylaws.

On June 3, 2003, the Board of Directors considered and approved all changes to the Bylaws that were recommended by the proposed LA Apparel District. Key revisions were (1) Board member elections will be determined by weighted vote of all property owners, (2) Board Member term limits.

At the City Council Economic Development Committee meeting on June 6, 2003, the City Clerk recommended that the LA Fashion District BID be approved for the Proposition 218 Ballot. The Apparel District formation should be held pending the outcome of the Fashion District vote. If property owners elect not to renew the existing district, then the proposed Apparel District may be put forward to a vote by those affected property owners.

This recommendation was approved by the City's Economic Development Committee. The EDC also recommended that the FDBID include all properties in the current 82 block BID and the proposed expansion area. (A parcel map is included in the Attachments to this report) The Order of Intention for renewing the FDBID was subsequently approved by the City Council.

The City Clerk's Special Assessments Department mailed Proposition 218 Ballots to all property owners on June 13th. In order to complete the final phase of the renewal, a majority approval of the weighted votes received is required. The voting deadline is July 18th and all efforts to get out the vote indicate a successful outcome for renewing the LA Fashion District BID.

Board Vacancies

Four new Board Members were elected during the Second Quarter. Four vacancies existed after three members resigned, and one member who became ineligible due to three meeting absences. The four members will serve until December 31, 2003:

- Alan Epstein
- Peter Kaplan
- Steve Needleman
- John van den Akker

Campaign Kick-Off Event

A special ballot campaign luncheon was hosted by Barry Gold, Board Chair, and Steve Hirsh, Board Vice Chair. The event was well attended by property owners who were encouraged to sign yes on their ballots to renew the LA Fashion District.

Advocacy

Community Court

Congresswoman Lucille Roybal-Allard allocated \$800,000 for the Community Court project however issues raised by the Superior Court of Los Angeles County, is delaying implementation. The LA Fashion District and downtown BIDs are working with various public officials and stakeholders to bring a community court to downtown Los Angeles. The BIDs recently sent letters to the Governor and the Superior Court Presiding Judge urging them to create the innovative court that will deal with quality of life crimes in downtown Los Angeles.

Presiding Supreme Court Judge, Robert A. Dukes, responded on June 2, 2003 with a letter that indicates support of alternative sentencing and community partnerships as cornerstones of an effective criminal justice system. However, the project is a multi-lateral one that the court cannot implement on its own. Until planning and development efforts enter the final phases, there remain difficult issues to be resolved.

Homeless Task Force

As reported in the LA Times, a broad based group called Bring LA Home has formed to respond to President's Bush's goal to end chronic homelessness in 10 years. The panel includes the Mayor Hahn as well as the mayors of Pasadena, Long Beach, and Santa Monica, and Council Members Eric Garcetti and Jan Perry. Carol Schatz from CCA is the business representative on the panel.

The Fashion District has been working with the International Downtown Association to help facilitate this process for the last 2 years and we are pleased the Task Force has been formed.

On Friday, June 13th, the President of the International Downtown Association arranged a meeting with Patricia Carlile, Deputy Assistant Secretary for the Department of Housing and Urban Development who reports to the President on homeless issues.

The Downtown BIDs arranged for Ms. Carlile to tour Skid Row, the LA Fashion District and other Downtown BIDs. We told her about the damaging impacts homeless people living on the streets have on

our economic development and showed her the positive impact our Clean and Safe programs have on the downtown.

We will be working with the Task Force locally as well as exploring federal funding initiatives to fund special programs. We are pleased that BIDs are playing a very prominent role in making recommendations on this difficult issue.

The BIDs will be meeting senior HUD officials again at the IDA Board Retreat in Norfolk, Virginia, July 25-28, 2003.

Superior Court Voids LA Center City Redevelopment Plan

The LA Superior Court has ruled that the City Center Redevelopment Project Plan as drawn up by the CRA, is invalid. This will make it much more difficult to revitalize blighted areas within downtown Los Angeles.

Fortunately the private market has continued to foster the redevelopment of the LA Fashion District without the need for public subsidies. The CRA is currently reviewing its options on how it will proceed.

Town Hall Meeting

The LA Fashion District was host to LAPD Chief of Police, William Bratton, at a Town Hall meeting held in the California Market Center. Chief Bratton's major priorities include terrorism preparedness and homelessness. Discussion focused on the 7th and San Julian Drop In Center. Chief Bratton is considering additional police presence in the area to mitigate the negative impact on the neighborhood.

Downtown LA Neighborhood Council (DLANC)

The LA Fashion District BID hosted an information kiosk at DLANC's first Annual Meeting. The block party style meeting at Grand Hope Park was well attended by residents and downtown employees.

DLANC bylaws require representation from business and resident constituencies from each of the areas within the organization's internal boundaries. The Fashion District Resident Seat on the Board of Directors has been essentially vacant for 8 months due to non-participation of the elected official. Having missed three Board meetings the member was removed and a new Board member was elected to represent the residents of the Fashion District. This seat will increase in importance, as the resident population is the north part of the district expected to increase from 1,000 to 3,000 within the next 18 months.

BID Reform Proposals

Council Member Jack Weiss introduced a motion in City Council, which would impose new regulations on BIDs throughout the City because of incidents with BIDs that have failed or have poor accounting practices.

The LA Fashion District made several recommendations to Council Member Weiss' staff including:

- A requirement for an annual review by a CPA of a BID's financial statements.
- All financial reports and quarterly reports should be forwarded to the City under the Chair's signature as well as the Executive Director.
- All annual reports sent to property owners should contain summary financial information consistent with the review/audit with a statement that the complete financial review/audit is available at the corporate offices; and

- Introduction of an annual training program for Boards and Executive Directors to address financial reporting requirements and oversight responsibilities.

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LA Fashion District BID Contract Agreement C-97871

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Special Projects

CRA Parking Study Advisory Group

This parking study is being conducted by the Community Redevelopment Agency (CRA) for the Historic Core area of downtown Los Angeles. We have managed to expand the boundaries of the study area to include properties west of Maple and north of Olympic in the LA Fashion District.

CRA representatives and Kimley-Horn and Associates, Inc. (their consultants) held a discussion forum for property owners in the study area on Wednesday, June 11, in the Fashion District office. Over 20 owners and representatives participated. The CRA presented its goals for a Historical Core Revitalization and 24 hour downtown including residential, amenities, and ample parking. Kimley Horn and Associates outlined their work to analyze the current lot supply, past efforts at solutions, survey of other cities, and survey of structures. Residential parking needs were discussed and a parking structure was proposed at the northwest corner of Olympic and Main. The CRA expects to publish a draft document for comment by July 2003. A final set of recommendations and an implementation plan are projected for September 2003.

Wayfinding Signage Update

The Bureau of Engineering, Bureau of Street Services, and Street Lighting have agreed to and signed off on the proposed design. Installation is expected in Fall 2004.

MTA Streetscape Grant Application Status

Due to the State budget crisis, MTA has postponed funding determinations until at least September 2003.

Sidewalk and Street Repairs

A combination of the restricted city budget and the end of the fiscal year in June 2003 has limited the progress in street repairs and sidewalk improvement projects. The BID continues efforts to obtain as much repair work as possible. Most recently a 3 foot deep sink hole at Santee and Pico was filled only with the assistance of Council District 9.

LA Business Council Award

On Thursday, May 8, 2003, the LA Fashion District along with the Historic Core & Downtown Center BIDs, and the Los Angeles Conservancy, received an award for the design guidelines we prepared using Getty Grant funding. Other award winners included The Grove, the Standard Hotel, Paseo Colorado, and Pantages Theater renovations.

BENDIX Building Landmark Sign Lighted

An old landmark in the Fashion District has a new look. The Neon Museum, LA Conservancy and the CLA Arts Committee joined forces to refurbish the historic tower sign on this 50 year old landmark building. A special lighting ceremony was attended by Council Member Jan Perry, Council Member Tom LaBonge, and property owner Steve Hirsh.

Seminar Presented on Empowerment/Enterprise Zone Information

The Fashion District presented this seminar for property owners in June. The BID worked in conjunction with Council Districts 9 and 14, Robert Biller of the Community Development Department, and

representatives from the office of Congresswoman Lucille Roybal-Allard, to prepare and promote the event. Property owners and merchants learned about opportunities for the following benefits:

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1. Empowerment /Enterprise Zone financing;
2. DWP reduced rates;
3. Hiring Tax Credits;
4. Business tax reduction;
5. Capital Gains and other favorable tax treatments;
6. Other benefits available in the zones.

Fiesta Broadway

The LA Fashion District BID participated in the pre-planning of this yearly event. Extra Clean and Safe team deployment helped ensure seamless continuation of weekend business in the district. Traffic control was especially essential for California Market Center which was preparing for a Market Week starting the next day. The Safe Teams assisted trucks through detours around Fiesta Broadway and into CMC loading docks. As downtown becomes busier with special events, filming, and residents this type of downtown wide pre-planning is essential.

IDA Memphis Conference

Kent Smith and Brenda Peters traveled to Memphis for the Spring IDA Conference and were treated to great hospitality from our downtown counterparts there.

Memphis is a city that suffered terribly after the 1968 riots and retail spaces and offices were abandoned for the suburbs. It is a city that has made a substantial comeback as a result of combining entertainment and housing. Loft housing and new apartments are commanding high rental rates a few blocks from Beale Street which is an entertainment success story. The City acquired the property in the 1970's for tax sale and decided to lease the properties on Beale Street for \$1 a year to a developer to recreate the "blues joint" atmosphere that existed many years before. It is now the highest generator of sales tax revenue in the entire State of Tennessee.

One of the reasons Memphis is doing so well is that the County and City are working together, a major contrast to Los Angeles County's interaction with the City of Los Angeles. (LA County launched a lawsuit against the City to prevent the CRA's City Center project from going forward in downtown Los Angeles.)

A session on budget deficits came up with a number of creative ways to lever funds from the public and private sectors. We are already pursuing one idea for clean and safe equipment funding.

Brenda Peters represented our BID's efforts to address the issues of homelessness in the LA Fashion District. We are recognized as a leader in minimizing the impacts of homeless on the business community.

IDA Catalina Workshop

Kent Smith, Brenda Peters, and April Elgas, attended the 2003 summer workshop. BIDs from Los Angeles, Phoenix, Portland, Denver and Seattle were represented. Topics of discussion and information exchange included illegal vending, homeless issues, staff management, City Hall relations and marketing ideas.

Finance

LAUSD

In a meeting convened by the City Clerk's office in April to discuss LAUSD's participation in BIDs, the Fashion District agreed to defer the LAUSD assessment until the site is transferred to the private sector. On May 19, 2003, Executive Director Kent Smith met with the real estate consultant for the LAUSD property. The broker will be recommending that the property be declared surplus at the June Board meeting. His job is to arrive at a reserve price for the property. Even if the project is leased, it must be offered to public sector entities, prior to making it available to the private sector. This likely will not take place until early 2004.

Budget – Expense Summary

Financials show that the BID is \$60,000 under budget. The Minimum Wage Bill, tying wages to the California Price Index increases, has recently passed Committee and is proceeding to a House vote. If it passes the bill will impact our budget.

Detailed Financials are presented in the Attachment section of this report.

OPERATIONS

Nearly 70% of the annual budget is allocated to Clean & Safe programs. Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district. The following statistics are selected categories from the contact database.

Security

15,438 total Safe Team contacts were recorded during the second quarter – a 12% increase in activity over the second quarter of 2002.

Sidewalk Sales, Graffiti Vandalism and Trespassing continue to be the primary contact problems during the first quarter. Through the efforts of the BID to conduct outreach and the efforts of the Midnight Mission to provide an alternative to sleeping on the street, we have successfully addressed the most pressing needs of our homeless in the district. A bed is available through The Midnight Mission whenever we refer a person in need.

The Drinking in Public, Labor Worker Incidents, Loitering, Aggressive Panhandling, Burglary, and Motor Vehicle Burglary contact categories were included in this report for the first time, because of persistent or fluctuating recurrence, and increasing problems associated with these nuisance behaviors.

Contact Comparison: 2002-2003 First Quarters

<u>Category</u>	2003	2002	<u>Contact Variance</u>
Overall Contacts			
All Zones	15,438	12,713	2,735 increase
• Sidewalk Sales	2,065	2,970	905 decrease
• Graffiti Vandalism	1,498	1,959	461 decrease
• Trespassing	232	7	225 increase
• Drinking In Public	950	258	692 increase
• Labor Worker Incidents	201	124	77 increase
• Loitering	2,066	545	1,521 increase
• Aggressive Panhandling	673	177	496 increase
• Burglary	4	19	15 decrease
• Motor Vehicle Burglary	25	27	2 decrease
• Illegal Dumping	295	663	368 decrease

Sharp increases in contacts involving loitering, drinking in public and aggressive panhandling are the result of new proactive measures implemented to reduce these types of nuisance behaviors.

Illegal Dumping is decreasing only through time consuming monitoring and investigation activities followed by strict enforcement of municipal codes.

2003 Second Quarter Activity Report
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Illegal Sidewalk Sales

The BID continues to work toward ensuring public health by addressing the hundreds of incidents of illegal sidewalk sales in the district.

The Safe Team is now making private person's arrests and over 40 arrests were made on Saturday, April 5th. We have significantly reduced fruit cart vendors and are now addressing the ice cream carts. While it is against the L.A. municipal code to sell anything on public sidewalks, enforcement by city authorities is minimal. The BID has already received negative media attention, and an illegal immigrant's organization may file suit against the BID for targeting these "entrepreneurial businesses".

At the LAPD Central Division Summit on May 15, 2003, senior leads discussed results of their crime prevention efforts and the priorities for the future.

At the first summit was held November 5, 2002, the FDBID strongly urged LAPD to tackle the problem of illegal vending in the district. Randy McCain, the Senior Lead Officer assigned to this task reported the results since November 5, 2003 (6 months)

1,369	food carts seized
183	general merchandise carts seized
83,145	compact discs confiscated
23,603	DVDs confiscated
16	vehicles impounded
87	misdemeanor citations
6	misdemeanor arrests
8	felony arrests
52	County Health hearings

Officer McCain acknowledged the strong partnership forged with the LA Fashion District BID. We acted as the eyes and ears of LAPD and our Clean Team collects the carts and disposes of all the perishables. We also store the carts in our outdoor storage area on behalf of LAPD and County Health.

LAPD has agreed to continue the Vending Task Force for the next 6 months to continue the enforcement effort.

On May 11th and 12th, KMEX (Channel 34) broadcast a story about our seizure of ice cream carts on their local news. The ice cream vendors are filing a formal complaint with Burns Security, maintaining their right to vend on City of Los Angeles streets.

The Bureau of Street Services is prepared to enforce the code however they will cite sidewalk sales promotions such as textiles displays. Removing displays cuts into the character of the district, according to some owners and merchants.

Violation notices are being issued to property owners and tenants to enforce compliance with sidewalk merchandising codes. Mr. Smith reported that New York City created merchandising guidelines that were unsuccessful.

Graffiti

Graffiti removal continues to be an important component in maintaining the public environment in the Fashion District.

LAPD Chief Bratton is familiar with BIDs through his experience in public – private partnerships in New York City. At a town hall meeting in April, Chief Bratton made graffiti abatement one of his top priorities. In cities across the world, graffiti is seen as a sign of a neglected neighborhood, and encourages crime.

Drinking In Public & Good Neighbor Agreements

The BID has received numerous complaints about alcohol sales and drinking in public. In partnership with the Department of Alcoholic Beverage Control (ABC) and the LAPD, the LA Fashion District BID held a meeting with district store owners that sell alcohol.

The three hour presentation was well attended by 11 of the 14 store owners. This education workshop provided store owners with checklist information on identifying minors and inebriated individuals, product management, store practices, and voluntary agreements. Following the presentation, all merchants signed Good Neighbor Agreements. Store owners who did not attend were contacted individually. Results are being monitored. LAPD and ABC will use enforcement if other efforts fail to gain compliance.

Captain Rupert at LAPD Central

Captain Rupert was appointed Commanding Officer, Central Area Community Police Station, in late April 2003. Captain Beck, who had served as Commanding Officer since June, 2002, Captain Beck was transferred Rampart Division.

Maintenance

Trash Statistic Comparison

Trash tonnage collected in the 2003 Second Quarter 148.41 tons over 2002 Second Quarter collections.

2003 Second Quarter
886.72 tons

2002 Second Quarter
738.31 tons

Automated Sidewalk Cleaning Performance

Over 8 million square feet of sidewalk was scrubbed and swept during the second quarter, nearly twice the footage recorded for the 2002 Second Quarter.

2003
8,451,095 sq. ft.

2002
4,656,019 sq. ft.

IMAGE & COMMUNICATIONS

Publicity & Promotions

The month of April was a record for media attention and public awareness, due in part to the interest in LA Fashion Week.

During the April 2003 Fashion Week, partnerships with the Mayor's office, Department of Water and Power, and the Downtown Center BID were helpful in obtaining shuttle buses for additional transportation to bring buyers to the Fashion District and fashion shows. Buyer traffic increased 12% to 17% over last year's spring show. People Magazine, MTV, and other publications were among the media resources that covered the shows and the Fashion District.

Media Interviews and Special Guest Tours gained momentum during the second quarter. The combined coverage of visits and calls from media groups including MTV, LA Business Journal, Westways - AAA Magazine, Elle, Great Outdoors - a TV station from Australia, a media group from Senegal, and La Opinion, produced a record dollar amount of unpaid advertising coverage for the LA Fashion District.

In June, the LA Fashion District BID was featured in June 2003 edition of The Planning Report, a regional publication read by thousands of City, County, and State officials in downtown and in City Hall. Kent Smith, Executive Director of the BID, was interviewed in a discussion about the important economic growth and changes the District is undergoing, and the recent challenge to the BID renewal. (A copy of the interview is included in the Attachment section of this report.)

SECOND QUARTER COMPARISONS

Media Impressions

	April	May	June	Total	Variance
2003	27,000,000	7,300,000	16,000,000	50,300,000	34,000,000 increase
2002	9,000,000	2,500,000	4,800,000	16,300,000	

A comparison of 2003 second quarter shows a 300% increase of free media messages compared to data from the second quarter of 2002.

Website Hits

	April	May	June	Total	Variance
2003	700,000	719,000	690,000	2,110,000	1,279,000 increase

2002	160,000	331,000	340,000	831,000
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Increased media exposure contributed to deliver nearly triple the number of website hits over last year's records.

2003 Second Quarter Activity Report

LA Fashion District BID Contract Agreement C-97871

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Website Visitors

	April	May	June	Total	Variance
2003	8,600	9,000	8,300	25,900	11,900 increase
2002	5,500	4,500	4,000	14,000	

New visitors to the website almost doubled over last year during the second quarter.

Attachments

- 2nd Quarter 2003 Financials
- *Fashion District's Kent Smith on
Revival of LA's Downtown & District's BID Proposal,
The Planning Report, June 2003*

November 2003

TO: Gary Murakami, Manager Special Assessments Unit
Office of the City Clerk
City of Los Angeles

FROM: Barry Gold, Chair, Board of Directors
Kent Smith, Executive Director
Fashion District of Los Angeles Business Improvement District

SUBJECT: Third Quarter Activity Report
July 1, 2003 through September 30, 2003

The purpose of the 2003 Third Quarter Report is to summarize key activities that were necessary to accomplish the goals of the District Management Plan and to comply with the terms outlined in the contract Agreement C-97871 between the City of Los Angeles and the Downtown Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

This report outlines Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 2.9 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district.

A clear understanding of the performance of contractors, personnel, facilities and equipment enables management to deliver quality results consistent with the high standard of service outlined in the District Management Plan.

ADMINISTRATION

Governance

On July 29, 2003 the City Council of Los Angeles approved renewal of the second 5-year renewal of the LA Fashion District Business Improvement District (FDBID). The BID will now represent 92 blocks of downtown Los Angeles, over 575 property owners, 2,500 merchants, and very soon, 3,000 residents. It is the largest BID in Los Angeles and has been operating successfully since 1996 providing clean, safe, marketing, and advocacy programs.

Although there was significant opposition to the renewal, overall support was broad based. Over 56% of the property owners representing 56% of the total assessment signed petitions. The Proposition 218 Ballot campaign garnered 76% approval from the votes received.

Owners voted to assess themselves \$3.1 million in the annual effort to keep the LA Fashion District Clean & Safe. Owners have contributed nearly \$15 million to the BID in 5 years and these funds have clearly made a difference.

2004 Board Election Nominating Committee

Three Board members were appointed to oversee the first open election campaign to seat new Board members. Committee tasks include insuring the election process complies with recent bylaws revisions, and review the qualifying criteria of prospective candidates.

In September, all property owners, including owners in the 10-block expansion area, received the election announcement and invitation to run for Board membership. During November all property owners will vote to elect candidates for the eight open Board seats. Election results will be announced at the Board meeting on December 11, 2003.

FINANCE

The Third Quarter Financial Review is included as Attachment A.

SPECIAL PROJECTS

Wayfinding Signage

The Bureau of Street Lighting and Engineering have approved the sign installation plan for downtown Los Angeles. We approved a new schedule, which should allow a BID package and RFP to be issued by October. Fabrication and installation are scheduled to be completed by July 1, 2004.

We still require a Street Services permit to allow us to place new poles for the pedestrian signs throughout downtown Los Angeles.

Pedestrian signage is scheduled for installation in Phase I. Site maps were refined during September to provide more detail and include recent developments.

Restoration of Transportation Enhancement Funds

The International Downtown Association worked tirelessly with a variety of other groups to urge Congress to restore funding for transportation enhancements.

These are the funds which MTA distributes in its proposal call. We have received funding for wayfinding signage and streetscaping around Santee Alley and have applied for streetscaping funds on Los Angeles Street and a gateway enhancement project for the LA Fashion District.

Congress voted 327 to 90 to reinstate the funds. The Senate passed the Bill. This shows again the value of IDA in helping us to revitalize the LA Fashion District.

Historic Core Parking Study

This study which included the LA Fashion District north of Olympic Blvd. will be released for public comment at the end of next week. The draft was circulated to the Board and interested property owners for comment.

Transit Shelters

Viacom Decaux is ready to install 9 bus shelters and four advertising kiosks in the LA Fashion District. The Board has already reviewed the locations for this street furniture. Council District 9 staff has signed off on the locations and we are working with Council District 14 staff to approve the locations in their district.

We will get the first shelters under the program because we contacted Viacom Decaux immediately after they were awarded the street furniture contract.

ADVOCACY

Request to Mayor Hahn for Assistance with Trash Problems

Illegal dumping, costs to haul trash and dump fees are soaring past all previous records. Over \$1 million of the BID's special assessment funds were directed to cleaning the city streets of Los Angeles. This money comes entirely from property owners who pay an additional assessment on their property taxes. The BID asked the Mayor's office to consider assisting the BID with this financial burden by lowering dumping fees and providing a site for roll offs in the district.

Councilmember Antonio Villaraigosa, Council District 14

The BID introduced the new Councilman to the LA Fashion District with a briefing letter and invitation to attend a future Board meeting. We also proposed a tour of the district with a special emphasis on the area he represents.

Celine Cordero, Legislative Deputy, met with Kent Smith to discuss district issues during August. She will help facilitate the Councilman's upcoming visit.

BID Regulations

In light of the failure of the Westwood BID, Council Member Jack Weiss introduced a notion to improve the financial accountability of BIDs. While some of the measures were positive like requiring all BIDs to have an annual audit, others were objectionable such as having the City Clerk's office review all receipts before advancing BID funds.

We met several times with Weiss' staff to discuss alternative language. We were successful in changing the recommendations so that the City will have reasonable control of BID financial operations but not creating a lot of unnecessary red tape for BIDs.

State BID Law (AB 944)

A proposal to amend the State BID law contains the following provisions:

allows a new form of tenant based BIDs allows both tenant and property based BIDs to bond finance for up to 30 years eliminates the requirement for a 218 vote if you have the 50% petition allows different categories of businesses to be assessed differently.

The bill has been adopted by the Senate and the Assembly. The Governor will sign the bill in November 2003. The bill was given life by the Mayor of Sacramento who wants to use the provisions of the bill to fund a new arena for the Kings downtown.

The amendments were endorsed by the Downtown Sacramento Partnership and the California Downtown Association.

The City Clerk also has drafted "clean up" amendments to AB944 which he has circulated to the largest BIDs for comment. The changes codify the real budget and expenditure practices of Business Improvement Districts and will help minimize lawsuits and allow BID Boards flexibility in administering BIDs in a changing environment. BID representatives endorse the changes and plan to meet again to discuss the details.

Disabled Parking Placard Abuse Task Force

The Department on Disability convened this task force convened for first meeting on July 24 to discuss problems associated with placard abuse in the Fashion District, Historic Core, and other downtown business areas. Illegally parked vending vehicles were discussed as another cause of reduced street level parking.

Request for Weekend Sweeping Assistance

Weekend tonnage collections are surpassing all previous records and the negative impact on the maintenance budget is reaching critical limits. Most weekend Clean Team efforts are directed to collection leaving fewer sweepers on the streets to deal with sidewalk and curbside cleanings. The BID requested assistance from the Bureau of Street Services for weekend sweeping in high traffic areas.

Newsstands

The green newsstands continue to appear overnight and illegally take up valuable sidewalk space with these 6 x 3 foot sidewalk obstructions. Several stands created additional hazards by setting up in fire lane zones, loading zones, and in the street. Many of these newsstands sell drugs and pornography along with standard magazines and news papers.

We successfully relocated several newsstands on Los Angeles and Spring Streets working with the Bureau of Street Services. Two additional newsstands were removed from 7th and 8th and Spring, and another eliminated at 6th and Los Angeles Street.

News Racks

Many BIDs and other community organizations have formed a coalition to ensure that we have some enforceable regulations in place to deal with increasing installations of news racks on City streets. The Downtown LA Neighborhood Council was asked for support of enforcement measures but voted unanimously to reject any regulation of multiple installations. Although the issue related only to the numbers and aesthetics of the installations the Board of Governors viewed the issue as encroaching on First Amendment Rights.

The Fashion District BID joined the coalition and added our name to the list of supporters for enforcing regulations.

The news rack hearing was scheduled for September 24, 2003 but has been postponed until November 2003.

Catering Trucks

The BID filed letters of support for amendments to Section 80.83 relating to Catering Trucks to Council Member Jan Perry, District 9, Council Member Antonio Villaraigosa, District 14, and the Honorable Members of the Planning & Land Use Management Committee. We also supported the motion's request to the Department of Transportation (DOT) and Department of Planning with the assistance of the City Attorney, to prepare an ordinance that amends Section 80.83 (f) related to Catering Trucks" as follows:

No catering truck can remain parked at any residential location and/or zone for any purpose; and,
No catering truck can remain parked at any commercial location and/or zone which exceeds thirty minutes.

LA Fashion District BID stakeholders, representing 550 property owners, 2,500 business owners, have spoken out repeatedly against these catering trucks for a variety of reasons:

Catering trucks, also known as "hot dog carts" are:

- Using parking spaces for eight-plus hours a day, seven days a week, 365 days a year, for the cost of one parking ticket a day
- Conducting businesses that do not pay property taxes
- Reducing on-street parking for business clients
- Producing noxious odors from cooking
- Increasing trash and food stains on sidewalks and streets that burden BID maintenance expenses
- Increasing rodent infestations

The proliferation of catering trucks is escalating daily within the LA Fashion District especially on the weekends. Responding to record numbers of pedestrians and employees in this economically viable area of downtown Los Angeles, these food vendors are monopolizing district streets to attract business.

The BID encourages passage and enforcement of the proposed ordinance.

Downtown LA Neighborhood Council (DLANC) Budget Priority List

DLANC was invited to participate in the Mayor's 2003-2004 Budget Process by developing a list of the top five budget requests to be compiled from a survey of at least 300 downtown stakeholders. Fashion District BID Board Members were asked to respond to the survey.

At a community meeting on September 9th, and a DLANC Board of Governors meeting on September 16th, over 200 issues were shortlisted to the following five priorities: Construction of a Convention Center Hotel, Funding for Small Business Start Ups, Funding for Additional Police; Increased Funding for LA Homeless Services Authority, and Continued Funding for the Housing Trust Fund.

INFRASTRUCTURE IMPROVEMENTS

Repaving Pico from Maple to Main

The BID continues to work with the Bureau of Public Works Street Paving Division to ensure that the work was conducted in the evenings starting September 14, 2003.

Maple Storm Drains

We continue to push the City to fix the storm drains at Maple Ave between 11th and 12th Streets. This work must be done in advance of the streetscaping, which MTA is funding for the streets surrounding Santee Alley. We at least have confirmation that this work is now in the City's 3 Year Capital

Improvement Program. The design work is scheduled to begin in April 2004 with construction scheduled for 2005. The Clean Team continues to clean these and other storm drains to prevent blockages and reduce odors from the drains.

ECONOMIC DEVELOPMENT

San Pedro Wholesale Mart Annex

On September 16, 2003 the 118 unit commercial condominium addition had its grand opening ceremony. The project is directly east of San Pedro Wholesale Mart and will be part of the expanded LA Fashion District in 2004. The units were sold out in one week 2 ½ years ago when the project was put on the drawing board.

San Pedro Wholesale Mart is now the largest commercial condominium project in the State of California.

GF Properties Sells 14th & San Pedro Property to The Los Angeles Fashion Center

This property has been sold to owners who plan a 220 unit wholesale project on the site. They have not yet filed plans with the City but this project will require an environmental impact report and a full public hearing before the City approves it. We will keep the Board apprised of the status of the project.

Santee Court Construction Tour

On July 17, 2003 the BID toured the Santee Court residential loft space construction site. It is definitely the largest renovation project that has taken place in the district (even bigger than the renovation to California Market Center). It is an impressive project and is scheduled to be completed by early 2004.

Gift Show

The California Market Center (CMC) was one of several venues for the California Gift Show, the largest gift and home accessories show in California that regularly attracts over 36,000 buyers a year. Business was brisk at the CMC, with the cross promotion of fashion showrooms as resources for the gift and homebuyers. The CMC even hosted Queen Hemas Yogyakarta, who attending hoping to boost trade with Indonesia.

Business Assistance & Free Marketing Services May be Available to Tenants Soon

LA Business Assistance Program (LABAP) is a program the City of Los Angeles operates that allows up to \$200,000 for business assistance and marketing programs for retail businesses. Participants are provided with tools and training to grow their businesses. The Mayor is working to target this funds to downtown Los Angeles' businesses. We are working with the Los Angeles Economic Development Corporation (LAEDC) who has bid on providing the technical assistance.

The program is designed to help the major industries in Los Angeles, including the LA Fashion District. Retail stores in the LA Fashion District will be eligible for this free assistance with marketing, advertising, finance, and more. Wholesale stores that sell retail on Saturday will qualify for this program! The City will announce the selected agency in October and the program will run through July 2004.

STAFF CHANGE

The BID's Marketing Director resigned in August. An ad was placed with several recruitment resources. Over 375 resumes were received and 18 candidates were invited to interview.

Katherine Schmidt was offered the Marketing Coordinator position based on her strong background in destination marketing and graphics. She started work at the end of September.

OPERATIONS

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SECURITY

18,816 total Safe Team contacts were recorded during the third quarter – a 13% increase in activity over the 2002 Third Quarter. Sidewalk Sales, Graffiti Vandalism and Trespassing continue to be the primary contact problems during the third quarter. Through the efforts of the BID to conduct outreach and the efforts of the Midnight Mission to provide an alternative to sleeping on the street, we have successfully addressed the most pressing needs of our homeless in the district. A bed is available through The Midnight Mission whenever we refer a person in need.

The Drinking in Public, Labor Worker Incidents, Loitering, Aggressive Panhandling, Burglary, and Motor Vehicle Burglary contact categories were included in this report for the first time, because of persistent or fluctuating recurrence, and increasing problems associated with these nuisance behaviors.

Contact Comparison:	2002-2003 Third Quarter		
	2003	2002	
Overall Contacts			
All Zones	18,816	14,282	13% Increase
Sidewalk Sales	3,779	3,169	
Graffiti Vandalism	1,462	2,123	
Trespassing	1,136	2	
Drinking In Public	1,237	496	
Labor Worker Incidents	130	139	
Loitering	1,521	611	
Aggressive Panhandling	745	157	
Burglary	43	13	
Motor Vehicle Burglary	12	22	
Illegal Dumping	282	231	

Sharp increases in contacts involving loitering, drinking in public and aggressive panhandling are the result of new proactive measures implemented to reduce these types of nuisance behaviors.

Illegal Dumping is decreasing only through time consuming monitoring and investigation activities followed by strict enforcement of municipal codes.

LAPD Meetings

We have held meetings with property owners and LAPD and the City Attorney to discuss safety issues on August 19, August 21 and September 17, 2003. The meetings are helping our senior lead officer to

prioritize her efforts to tackle crime in the district. The next meeting is scheduled for Wednesday, October 22, 2003 at 10 am.

A85 Car/SLO Community Meeting

Over 35 property and business owners attended the SLO Community meeting on August 19. Council District 9 representative, Sylvia Lacey, Bureau of Street Services, Building and Safety, LAPD officers heard about problems impacting the community directly from owners.

Anti-Gang Unit Meeting

The Gang Intervention Team (GIT) met with property owners from inside and around Santee Alley to discuss escalating gang activity. GIT officers explained that several different gangs not only sell the illegal DVDs but also extort protection money from independent illegal vendors. Because the area attracts tremendous numbers of pedestrians, it has proved to be a highly lucrative location. Several gangs are competing for territory dominance and the conflicts are escalating to assault and at least one homicide. Owners discussed the benefits of installing closed circuit televisions throughout the Alley area to monitor the safety of their employees and customers.

Homeless Issues

We have met with Armen Ross, the Mayor's new staff person to address homelessness (this is a new position) on August 7 and September 18, 2003. He has pledged to eliminate the portable toilets located on 7th Street which are a magnet for criminal activity.

Through his and Council Perry's efforts the City/County have agreed to extend their winter shelter program all year in 2003 which has significantly reduced the number of encampments. The County has pledged an additional \$2.5 million to pay its share of extending the winter shelter program for the entire year in 2004.

The International Downtown Association will be presenting final recommendations on addressing the homeless problem on the weekend of December 6 & 7 in Long Beach. We have invited Armen Ross to participate in the sessions.

Immediate issues in the Fashion District were also discussed with Mr. Ross. The drug-addicted homeless are negatively impacting the Flower Marts that are located across the street from the San Julian Drop In-Center. LAPD has been reluctant to respond to encampments because of a lawsuit by the ACLU, which was settled recently at a cost of \$75,000. They have stopped encampment contacts between 10:00 p.m. and 7:00 a.m. and this is a particular problem for the Flower Markets which are active during the night. He promised to encourage LAPD to address the encampment problem we have on 7th and 8th Streets between Maple and San Pedro Streets.

Illegal Vending

Some illegal vendors including the hot dog "cushmans" who are located on the street are becoming increasingly agitated by the enforcement efforts of our Safe Team. Several of our officers have been kicked, spit on and have had objects thrown at them while they are attempting to carry out their duties.

During July, a section of the new PACE team conducted sweeps of illegal vendors, issuing scores of \$100 citations across downtown for code violations.

The BID continues to receive cooperation from the City, and the County, although LAPD priorities have shifted to deal with more serious crime.

The vendors have turned to the media to make the case that the BID is harassing the vendors who are only trying "to make a living". Mr. Smith appeared on Channel 34 news countering these claims and maintaining that the BID is only helping the City enforce the law. Smith also argued that the vendors present a real health hazard to the public and continued enforcement are a necessity. The media is sympathetic to the vendors and it will be interesting to see how this issue affects City policy on enforcement.

New York BID colleagues have just had a significant setback in their battle with vendors as the Court struck down a key section of their anti-vending ordinance. The Fashion District BID will meet with New York BIDs at the annual IDA Conference in September to discuss strategies to address this very difficult issue.

Community Court

We met with Rocky Delgadillo to ask him the status of the community court. He is not optimistic that the Superior Court will establish the court and the City Attorney is exploring other options to encourage drug addicts and the mentally ill to enroll in treatment programs. We both agree that the community court would be an excellent tool to address the quality of life crimes committed by these individuals. Unfortunately with the State budget crisis, not even the \$500,000 grant we received from the Federal government is enough of an inducement to begin the process to establish the court. We are meeting with the other BIDs to determine alternative strategies to address this issue.

Huntington Hotel

We have been increasingly concerned with the deteriorating environment in and around the Huntington Hotel. It is clear that management of the hotel is increasingly tolerant of disorderly behavior and there is evidence of more criminal activity at the hotel. Also, all of our contact phone numbers for the hotel have been disconnected and there is no longer a telephone listing for the premises.

Accordingly we are working with Dena Sohn, the neighborhood prosecutor to initiate Nuisance Abatement proceedings on the hotel. This is a long arduous process but our hope is that this may encourage hotel management to be less tolerant of disorderly activity at the hotel.

Car Break-Ins

We have been working closely with LAPD to reduce the number of thefts from vehicles in the LA Fashion District. The BID's Operation Director has redeployed the Safe Team to deter this activity.

Public Safety Classes

The Fashion Institute of Design and Merchandising (FIDM) invited the BID to teach students basics on personal safety. The class also toured the Fashion District, many for the first time, and were impressed by the numbers and variety of products in the district.

FIDM had previously included district tours in their curriculum and now plans to reintroduce the Fashion District tour to teach students how to shop the district.

Downtown BID Dispatch Program

Downtown BIDs met to discuss a collaborative dispatch program. The CAD based system would enable the districts to work as a unit to deliver efficient services and track cross over problems.

MAINTENANCE

Trash Statistic Comparison

Trash tonnage collected in the 2003 Third Quarter increased 403.92 tons over 2002 Third Quarter collections. Costs for trash collection continue to make a negative impact on the budget. The BID is exploring remedies for the escalating problem.

2003 Third Quarter
1046.54 tons

2002 Third Quarter
642.62 tons

Automated Sidewalk Cleaning

The Third Quarter Sidewalk Cleaning Performance Comparison continues to show outstanding performance.

2003
7,056,439 sq. ft.

2002
4,526,738 sq. ft.

Tree Trimming

The City has recently trimmed virtually all of the broad leaf trees in the district. We are reviewing whether to postpone the tree trimming budget for 2003.

IMAGE & COMMUNICATIONS

California Downtown Association Crystal Eagle Award

The LA Fashion District BID received the Crystal Eagle Award (the “best of the best”) in the marketing category from the California Downtown Association. The award program recognizes exceptional achievements in Physical Improvements, Special Events, Economic Development and Marketing.

The BID was selected for its unique and user friendly website design and the “searchable directory” that allows users to find businesses by category in the LA Fashion District. The concept is adaptable to any downtown market and an exceptional service to advertise downtown businesses. Last year the City of Oakland won the award for its well funded marketing campaign.

This award demonstrates the successful marketing efforts we have undertaken to get the word out to both buyers and shoppers about the exciting retail and wholesale stores that are in the LA Fashion District.

Gold Line Opening

The public opening of the Gold Line on July 26th drew well over 100,000 people to Union Station for a free 30 minute ride to Pasadena. The BID participated in the special event by advertising the district in a special downtown destination marketing publication produced by the Pasadena Star News.

Best of LA Winner

The LA Fashion District was voted the “Best Place to Blow \$100” by Downtown News readers. This type of public approval is testimony that the BID’s advertising, destination marketing and website are effectively working together to inform the public of the district’s key marketing messages.

District Tours

The Fashion District is considering a proposal from Urban Shopping Adventures (USA) to reintroduce the popular introductory tours of the 82-block LA Fashion District. USA intends to market and host at least 10 tours a month for large and small groups. The proposal is being reviewed and tours are expected to start before the holiday season.

The Intersection

Spring LA Fashion Week generally attracts more buyers seeking the “California Look” for their customers than any other fashion week during the year. To attract buyer and media attention the LA Fashion District BID helped foster a partnership with the California Market Center, The Cooper Design Space, Designer’s & Agents, The Gerry Building, and The New Mart to open The Intersection Oasis, a buyer’s lounge and information center. The shows and Oasis open October 31 through November 3. Plans are in the works to invite Mayor Hahn to a Grand Opening ribbon cutting celebration.

THIRD QUARTER COMPARISONS

Media Impressions and Website activity continue to see steady increases over 2002 records.

Media Impressions

	July	August	September	Total
2003	7,500,000	7,200,000	11,800,000	26,500,000
2002	8,600,000	8,400,000	6,600,000	23,600,000

Website Hits

	July	August	September	Total
2003	780,000	806,000	575,000	2,161,000
2002	430,000	470,000	350,000	1,250,000

Website Visitors

	July	August	September	Total
2003	9,400	9,300	6,700	25,400
2002	5,400	5,800	5,900	17,100

ATTACHMENTS

Third Quarter Financial Review

Fashion District Newsletter – August 2003

January 2004

TO: Gary Murakami, Manager Special Assessments Unit
Office of the City Clerk
City of Los Angeles

FROM: Barry Gold, Chair, Board of Directors
Kent Smith, Executive Director
Fashion District of Los Angeles Business Improvement District

SUBJECT: Fourth Quarter Activity Report
October 1, 2003 through December 31, 2003

The purpose of the 2003 Fourth Quarter Report is to summarize key activities that were necessary to accomplish the goals of the District Management Plan and to comply with the terms outlined in the contract Agreement C-97871 between the City of Los Angeles and the Downtown Property Owners Association: Section 2. Corporation Responsibilities: 2.2B Program and Budget Reports-Quarterly Report.

This report outlines Safety, Maintenance, Marketing and Administration activities conducted to ensure quality services designed to make the district a clean, safe and friendly place to work, shop and do business. Nearly \$ 2.9 million dollars a year are spent on district services. It is critical that productivity be measured and tracked daily for each of the operational units that comprise the Clean, Safe and Marketing programs.

Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district.

A clear understanding of the performance of contractors, personnel, facilities and equipment enables management to deliver quality results consistent with the high standard of service outlined in the District Management Plan.

ADMINISTRATION

Governance

Results of Board Election

Fashion District Property Owners voted in the first open election of members to the Board of Directors of the LA Fashion District Business Improvement District (BID).

The following candidates were elected to the 2004 BID Board of Directors

Laura Aflalo, A & H Management
Alan Epstein, MJW Investments
Peter Fleming, The City Market of Los Angeles
Barry Gold, DAK Realty
Lance Kluger, L & L Properties
Paul Lentz, California Market Center
Steve Needleman, ANJAC Fashion Buildings
George Peykar, Peykar Wall Street Real Estate Investments

The new Board members will join the seven current members whose terms continue in 2004.

Raquel Bensimon, Dearden's
Michael Delijani, Delson Investments
Ethan Eller, The New Mart
Steven Hirsh, Cooper Design Space
Elisa Mermelstein Keller, Santee Properties
John Remeny, Remy Leather Fashions
Max Salter, Beno's

Together this group of 15 dedicated property owners will set the vision, values, goals, and priorities for the organization for the coming year.

The Election process once again demonstrated the pioneering spirit of Fashion District property owners. The process started in August 2003 with an invitation letter to all owners to become candidates. Sixteen people stepped forward and threw their hats into the election ring. This is the first time since 1996 that the BID has had sixteen candidates running for Board seats the first time that so many property owners were willing to volunteer their time and expertise to the organization.

November 10th marked a historic moment in the history of the BID when approximately 580 ballots were mailed to all property owners to elect eight of the 16 candidates to office. All through November and up to the deadline on December 10th ballots were received at the BID office.

By the deadline on December 10th at 3:00 p.m. over 200 ballots were cast showing 29% voter participation. Election results were formally announced at the December 11th Board of Directors meeting.

The Election Committee, comprised of Chairman John Remeny, and committee members Raquel Bensimon, and Ethan Eller, were commended for overseeing the five month long process.

Due to questions on voter privacy, the BID's accounting firm Stanislawski & Harrison, conducted the ballot count and presented a sealed envelope to Kent Smith containing the results of the election. The closed door process was observed by attorneys Steven M. Barnhill, Barnhill & Vayneron, and, Marcos D. Velayos, Latham & Watkins. 210 ballots were received and 205 ballots were considered legitimate. Five ballots were disqualified: one was blank, three had voted for more than 8 candidates, one ballot was cast by a member that was not in good standing.

An issue of ownership in common concerning a current Board Member and a candidate required resolution before posting election results. Attorney Marcos D. Velayos researched the Bylaws definition of the term "related" in Article 4: Section 2 and determined that (1) a plain reading of the Bylaws indicates that Board Members shall not own property in common; and, (2) it is a fact that the candidate listed parcel numbers on the candidate acknowledgement form that were also listed by current Board Member, who acknowledged the family partnership. Marcos Velayos recommended that as there is no precedent for this situation it is best to proceed with the practical issue of whether or not the Board agrees to honor the terms in the Bylaws. The Board deliberated and voted to disqualify the candidate for the 2004 term, and to recognize the next ranked candidate as the eighth new Board Member.

The following results with candidates ranked according to the number of votes received:

Candidate	Rank According to Votes Received
Laura Aflalo	6
Iorai Cohen	15
Nader Daneshgar	9
Sharen Bekhard-Emrani	12
Alan Epstein	7
Peter Fleming	8
Barry Gold	3
Peter Kaplan	10
Jason Kim	11
Lance Kluger	1
Paul Lentz	4
Paul Mohilef	14
Steve Needleman	5
George Peykar	2
Ann Simons	13
Mehdi Soroudi	Disqualified (3)

According to the results the candidates will fulfill the following terms:

Board Member	Term
Peter Fleming	1 year
Laura Aflalo	2 years
Alan Epstein	2 years
Barry Gold	3 years
Lance Kluger	3 years
Paul Lentz	3 years
Steve Needleman	3 years
George Peykar	3 years

Bylaws Amendments

The Personnel Committee agreed to recommend a Bylaw change to restrict committee appointments to Board members and not the public. Legal council has advised that employee privacy is essential regarding issues of staff review, contracts, and salary. Downtown Center BID's policy limits Personnel Committee appointments to only members of the Executive Committee.

The Board unanimously agreed to amend appropriate sections of the Bylaws to change the name of the Nominating Committee to the Election Committee.

Acknowledgement of Retiring Board Members

After an eight year term of service Board Member Sam Sale decided not to run in the election. Mr. Sale was commended for his years of service and contribution to the organization. Peter Kaplan and John van den Akker were also recognized and thanked for their contributions.

Chairman Gold thanked the Board for the opportunity to serve as executive officer during a challenging year. Gold said he believed his two main goals were fulfilled: To be a fair and impartial moderator, and to represent the best interests of the entire district. Future Boards will have an easier job ahead based on the solid foundation built by the current Members.

South Santee Alley Update

The South Santee Maple Alley Association (SSMAA) convened a meeting of property owners on December 2, 2003. Agenda items included reports on holiday security from LAPD Officer Randy McCain; maintenance programs; and finance update. At the meeting Officer McCain reported on confiscations of 11,000 illegal DVDs in one weekend and observed a reduction in inventory the following weekend. The impact of regular sweeps is producing a noticeable improvement in the efforts to reduce illegal vending.

SPECIAL PROJECTS

Advocacy

\$1 Million Awarded for Parking Structure in Fashion District

Mayor Jim Hahn announced on October 27, 2003, that a federal grant for more than \$1 million has been awarded to the City of Los Angeles to construct a new parking structure in Downtown Los Angeles. The new facility, located at 636 Maple Avenue, will help solve the critical lack of parking for residents and businesses.

"This grant continues our momentum to revitalize Downtown Los Angeles," said Mayor Hahn. "I applaud Congresswoman Roybal-Allard and our community leaders for helping to secure this funding, we must continue to bring the necessary infrastructure to support housing and businesses in our urban neighborhoods."

"I hope this is only the beginning," said Congresswoman Lucille Roybal-Allard (CA-34). "The allocation of the \$1.1 million federal grant for a new parking structure, when combined with other sources of needed funding, will help to make the Fashion District not only a thriving business corridor but also a convenient and desirable urban, residential, community. As a Member of Congress who sits on the Appropriations Committee, I look forward to continuing to work in partnership with state and local officials to promote economic development and to help the business sector make fundamental and lasting improvements."

"Santee Court is a catalytic project for downtown Los Angeles that will change the face of the Fashion District," said Councilwoman Jan Perry. "I know this parking garage coupled with work force housing will bring new residents and visitors to the area." The grant, secured by Congresswoman Lucille Roybal-Allard will also compliment recent efforts to revitalize the Downtown area, including the Historic Core. Solar powered lighting, street and streetscape improvements will be made to the area through a previous \$350,000 grant. The combined funding will help support new mixed-use commercial and residential developments downtown.

Community Impact Report

The Board of Directors agreed to oppose the Community Redevelopment Agency's Community Impact Report: A Proposal to Improve Development in Los Angeles. If passed, developers undertaking major projects would be required to produce a cumbersome Community Impact Report (CIR) at the time of the initial study for a proposed project. New developments that were once discussed by a project-by-project basis would be channeled through a rigid legal process, without room for flexibility.

The BID has been advised that the CIR proposal will be taken up at the October 30th Community Redevelopment Agency meeting. We are working with Central City Association (CCA). In the interim, CCA has convened a working group to discuss this possible proposal and the negative ramifications it would have on Downtown Businesses and the City as a whole.

Urination and Defecation Ordinance

The Fashion District BID testified along with Central City Association before a meeting of the Public Works Committee on the issue of a public urination and defecation ordinance. Public urination and defecation has been a severe quality of life issue for many downtown residents and businesses for years. Los Angeles is one of the few remaining cities in the country to not have an ordinance on the

books. This ordinance is coordinated with the rollout of the new public toilets that will be located throughout the City. LAPD has agreed to only enforce the ordinance in areas that have public toilets available. The BID testified support for this new ordinance, not to criminalize homeless persons, but to add support to LAPD in referring homeless persons to programs and services. In addition, this ordinance will help to curb the flow of waste material in local storm water drains. The full City Council unanimously approved the ordinance on October 24, 2003, and it became effective on December 14, 2003.

LADOT and BID Holiday Traffic Control Efforts

LADOT imposed no parking restrictions from Thanksgiving to New Year's in an effort to help control the tremendous volume of vehicle traffic in the district. The area is the South side of Olympic Blvd and the North side of Pico Blvd between 3 pm and 7pm between Monday and Friday and between 8am and 7pm on Saturdays. This is the fourth year in a row that the BID has worked with DOT to apply these restrictions and the results are effective.

Downtown Parking Study

The CRA in conjunction with LADOT and other City Departments are laying the foundations for a larger Downtown parking study. This study will include all major portions of downtown (110-10-101, Alameda), Wilbur Smith Associates have been selected to do the study. The BID has been invited to be the LA Fashion District representative on the Downtown Parking Study. The Board will be asked for input as work on the study gets started early next year.

LAUSD Property Update

While some LAUSD functions are relocating from the Pico and San Pedro site, other functions will remain in the near term. The decision on disposing of the property has not been brought forward to the School Board. There is now some discussion about retaining the site for a middle to high school. The final decision on what happens with the property will not likely be made until late in the first quarter of 2004.

Successful Conviction of LA Fashion District Murder

Since 1999 there have only been a handful of murders in the LA Fashion District. One of those murders has now been successfully prosecuted. We have followed this case closely and wrote a letter to the District Attorney urging a stiff penalty for the crime committed in our neighborhood. The perpetrator was sentenced to life imprisonment with no chance of parole for 75 years.

Santee Court Conditional Use Permit

The Board of Directors agreed to support MJW Investments' application for a conditional use permit (CUP) for onsite alcohol sales in the Santee Court. MJW Investments applied for an umbrella conditional use permit (CUP) for future restaurants and bars within Santee Court. The umbrella CUP will also comply with additional voluntary conditions recommended by a consultant from the Los Angeles Police Department. In addition, a second permit must be approved before an establishment can start business. Additional meetings are planned with concerned property owners to clarify misunderstandings about conditions of the permit and the future venues' impact on the problems in Skid Row.

Request for Weekend Sweeping Assistance

Weekend tonnage collections are surpassing all previous records and the negative impact on the maintenance budget is reaching critical limits. Most weekend Clean Team efforts are directed to collection leaving fewer sweepers on the streets to deal with sidewalk and curbside cleanings. The BID requested assistance from the Bureau of Street Services for weekend sweeping in high traffic areas.

Newsstands

The green newsstands continue to appear overnight and illegally take up valuable sidewalk space with these 6 x 3 foot sidewalk obstructions. Several stands created additional hazards by setting up in fire lane zones, loading zones, and in the street. Many of these newsstands sell drugs and pornography along with standard magazines and news papers.

We successfully relocated several newsstands on Los Angeles and Spring Streets working with the Bureau of Street Services. Two additional newsstands were removed from 7th and 8th and Spring, and another eliminated at 6th and Los Angeles Street.

INFRASTRUCTURE IMPROVEMENTS

Intersection Street Beautification

With the help of Councilwoman Jan Perry, the Bureau of Street Services installed stamped colored crosswalks at the intersection of 9th and Los Angeles Streets in time for Fashion Week at the end of October.

Cross Walk Improvement

A three way pedestrian crosswalk was installed at the intersection of Pico Blvd. and Wall Street as a result of a property owner request. The new pedestrian signage will reduce the potential for jaywalking and help prevent injuries in this area that has seen tremendous increases in vehicular and pedestrian traffic in the last several years.

ECONOMIC DEVELOPMENT

The Intersection

Mayor James K. Hahn kicked off LA Fashion Week at a special ribbon cutting ceremony to open the Intersection Oasis on October 30th. Councilwoman Jan Perry and Councilman Antonio Villaraigosa also attended the special even.

The Intersection Oasis, a lounge and information hub for buyers during the Los Angeles Fashion Week, attracted media and buyer attention from all over the country and the world to downtown Los Angeles and the Fashion District. The project was sponsored by the California Market Center, The Cooper Design Space, The Gerry Building, Designers & Agents, The New Mart, and the LA Fashion District Business Improvement District. Additional information is included in the Image & Communications section of this report.

Proposed New Development at 14th Place and San Pedro Streets

The new owners of the above property have now submitted preliminary plans to the City of Los Angeles. The proposed density of the project requires conditional use permits which will trigger a public hearing. All property owners within 500 feet of the property will be notified. Before any hearings are held the project must be reviewed by the CRA.

LAEDC Releases 2003 Industry Profile

Creative design and smart marketing are the keys to apparel company survival according to the Los Angeles County Economic Development Corporation (LAEDC). In its December 2003 report, "The Los Angeles Area Fashion Industry Profile", marketing the "California Look" to the world is a \$24.3 billion industry that continues to grow. Although manufacturing employment has declined steadily since 1997, wholesaling employment in the LA Fashion District continues to grow. The industry continues on an upward track driven by design talent, economics, technology, and speed to market. The 24 page report is available online at www.laedc.org

CAL ED

LA Fashion District Model for BIDS Around the World

The second edition of the book entitled "Business Improvement Districts", a joint publication of the Urban Land Institute and the International Downtown Association has just been released. The first edition was published in 1997.

While the LA Fashion District was not mentioned in the first edition, we are proud to report that we were one of seven BIDs featured as Case Studies from around the world and the only BID featured on the West Coast of North America. The case study was authored by Steve Gibson with the assistance of LA Fashion District staff. Our BID is now a model that others can emulate.

OPERATIONS

Nearly 70% of the annual budget is allocated to Clean & Safe programs. Fashion District Activity Reports were developed as a management tool to track and analyze trends, monitor productivity and cost efficiency. Reports are published on a monthly basis and with this detailed historical information we can enhance current systems to better serve the district. The following statistics are selected categories from the contact database.

SECURITY

Central Division Crime Rates

The BID attended the Semi-Annual Police and Community Collaborative Summit in October. The latest COMSTAT Crime data shows Central Division crime is down 7% year over year. All crime is down except for burglary from motor vehicles.

The BID also met with Captain Chow and we have agreed to form a task force to address burglary from motor vehicles in the LA Fashion District. The BID will be working LAPD to see that holiday shoppers were not victims of motor vehicle break-ins.

LAPD/BID Relations

Deputy Chief Gary Brennan is devising a protocol between LAPD and BIDs to improve the day to day working relationships with both parties.

We will be developing report writing standards, better orientation for LAPD officers on BID operations and better training standards for BID security. This should result in making the LAPD and Safe Teams more effective in the LA Fashion District.

Safer City Initiative

The BID is working with LAPD, the City Attorney, Jan Perry's office & the Mayor's office to strategize the roll out of the anti-encampment ordinance and devise a strategy to address the criminal activity in and around the Skid Row area. We are providing info on BID contacts in the area and a profile of businesses impacted by criminal activity from Skid Row.

George Kelling, the author of *"Fixing Broken Windows"* is the lead consultant on this effort.

Day Laborer Site

The Day Labor site is no longer providing effective employment services for day laborers in downtown Los Angeles. We are working with the South Park Stakeholders Group to resolve this unacceptable situation. We intervened with City to only allow the contract to be extended for 4 months & City will do a comprehensive evaluation of the day labor programs. Meanwhile we will look for other potential operators.

IDA Homeless Technical Workshop

The BID attended a homeless workshop sponsored by IDA and Health and Human Services of Federal Government in Long Beach.

BID colleagues in downtown Los Angeles as well as BID counterparts from Portland, Washington DC, Atlanta, New Orleans, Memphis, Louisville, Kentucky and Kalamazoo, Michigan also participated.

BID Executive Director, Kent Smith, was appointed as Co-Chair along with Carol Schatz of CCA to the IDA Homeless Committee which will be devising strategies to get more federal funding to address this problem in downtowns across America.

Meeting with Vice Chair of Board of Public Works

The BID met with Ellen Stein, Vice Chair of the Board of Public Works, to discuss the illegal dumping problem in the LA Fashion District.

Security Contract RFP

Five qualified companies were invited to submit proposals; one company declined. The Operations Committee reviewed the proposals and unanimously agreed to recommend continuation of the contract with Securitas to the Board of Directors. The Board approved the contract in December 2003.

Maintenance Contract RFP

Three proposals were received from qualified candidates. The lowest bid was submitted by the current contractor Facilities Support Services (FSS). The Operations Committee unanimously agreed to recommend continuation of the FSS maintenance contract to the Board of Directors. The Board approved the recommendation at the December 2003 meeting.

Field Office Relocation

The Operations Committee approved and recommended new field office and parking leases. Two other proposals were also considered however the lease for the 15th Street property met most of the requirements. The move will take place in January 2004.

Update on Council District 9 Vending Meeting

Board appointees, Lance Kluger and Laura Aflalo, reported on a successful first meeting. City service representatives presented information on how conflicting city-issued permit and licensing processes are contributing to the confusion about what is considered legal and illegal vending. They agreed that if Councilwoman Perry continues to press for clarification of the processes then she will undoubtedly make progress toward a long term solution. Short term remedies will continue to be the focus of the BID and LAPD.

Homeless Issues

Los Angeles Homeless Services Authority has placed a full time outreach worker at LAPD Central to assist officers with the homeless situation.

MAINTENANCE

Illegal Dumping Increases

Increasing incidents of illegal dumping in public alleys is severely impacting the BID budget. Over 200 letters were mailed to property owners who were found to be in violation of LAMC code 66.17.1 which states that all property owners must provide trash dumpsters and regular collection service for their tenants. LAPD is creating an illegal dumping task force and Mr. Smith is meeting with the Department of Public Works to encourage more response to the BID's requests for assistance.

Mixed responses came from property owners who received warning letters that it is their responsibility to provide collection services for their tenants and not a regular BID service. Reminders and contacts will continue to help curb the escalating costs of trash collection.

IMAGE & COMMUNICATIONS

Publicity

Recent LA Fashion District Publicity Highlights

KTLA Morning News (11/20/03) – 2 hour feature aired from 7 – 9am about all the exciting changes going on downtown fueled by places like the Walt Disney Concert Hall, Staples Center and all the new loft spaces. Special attention was given to the LA Fashion District, loft living, the Jewelry District and the Standard Hotel.

Elle Magazine (November 2003) – LA Style Issue. Information on the new designers, where to shop and how the LA lifestyle has redefined the way women dress all over the world.

LA Times Weekend (12/4/03) – Fakery in the Bag. Story about the popularity of designer look-alike items. What some of the differences are from the real thing and where to find them. Santee Alley is featured.

Downtown News (11/24/03) – Say Buy-Buy, How to Find the Fashion District's Bargains. Information on deals that can be found in the District - from the eclectic Santee Alley to the upscale sample sales at The Intersection. Special note on how navigating the District is made simple with the help of BID tools like the map guide and searchable directory on the website.

California Apparel News (12/5/03) – Loft Living Becoming a Fashionable Move in Downtown L.A. Story about the addition of two residential projects in historic buildings in the Fashion District: Santee Alley and the Orpheum Lofts. Enthusiasm about the future of Fashion District living, in part due to the BID's efforts in keeping the area clean and safe.

KPCC Radio 89.3 public radio (12/17/03) – 2 hour focus live broadcast with special guests including Kent Smith and Ilse Metchek, discussing the LA Fashion District past and future, as well as other California fashion issues.

2003 Holiday Advertising Campaign

This year featured radio announcements and print advertising. During December announcements on KNX, KCRW, and PULSE highlighted the district as an "outside the box" outdoor urban marketplace offering over a thousand retail stores including Santee Alley, and also the website at www.fashiondistrict.org

KNX was selected for its popularity as the leading in-car news and traffic station that has the benefit of reaching a very large number of people. KCRW is a new vehicle for the Fashion District and chosen for its reach to urban adventurous listeners. This music/fashion-savvy urban audience is becoming more prevalent as the landscape in L.A. continues to shift toward a 24 hour downtown. PULSE is also a new buy that allows the district to economically advertise on a number of Spanish language radio stations including K-BUENA, K-LOVE, KHJ-AM, KLAX, and others. The Fashion District radio spots were featured as sponsorships for traffic and weather announcements that are generally considered to attract listener attention.

The holiday print ad was placed in the Daily News, Downtown News, L.A. Garment & Citizen, and La Opinion.

District Tours

The Fashion District is considering a proposal from Urban Shopping Adventures (USA) to reintroduce the popular introductory tours of the 82-block LA Fashion District. USA intends to market and host at least 10 tours a month for large and small groups. The proposal is being reviewed and tours are expected to start before the holiday season.

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The Honorable Mayor James K. Hahn was Guest of Honor at the Grand Opening Ribbon Cutting Ceremony of The Intersection "Oasis" on Thursday, October 30, 2003 at 11:30 a.m. Mayor Hahn was joined by Councilwoman Jan Perry and Councilman Antonio Villaraigosa to cut the ribbon. Over 300 people attended the event. A special Halloween costume show by students from the Fashion Institute of Design and Merchandising lent additional color to the already festive event.

The date coincides with the opening of Fashion Week when thousands of buyers will be visiting the district to buy Spring 2004 fashions for stores throughout the world, attending fashion shows, and other special events. Buyers are expected to spend over \$6 million in downtown Los Angeles hotels and restaurants during the six-day event from October 30 through November 4, 2003. The Oasis served as a buyer and visitor resource center for Fashion District information and visitor center for information on downtown Los Angeles.

The Intersection was formed as a joint promotional effort of market-making showroom building owners and trade show producers who worked together for the first time to build media and public awareness of the LA Fashion District as the world wide creative center of the fashion industry. The partners are the California Market Center, the New Mart, the Cooper Building, the Gerry Building, Designers & Agents, and the LA Fashion District BID.

State of the Industry Profile featured on KPPC Radio Station

KPPC hosted a panel discussion on the state of the fashion industry in California. Creative design and smart marketing are the keys to apparel company survival according to the Los Angeles County Economic Development Corporation (LAEDC). In its December 2003 report, "The Los Angeles Area Fashion Industry Profile", marketing the "California Look" to the world is a \$24.3 billion industry that continues to grow. Although manufacturing employment has declined steadily since 1997, wholesaling employment in the LA Fashion District continues to grow. The industry continues on an upward track driven by design talent, economics, technology, and speed to market.

FOURTH QUARTER COMPARISONS

Media Impressions and Website activity saw extraordinary increases over 2002 records.

Media Impressions

	October	November	December	Total
2003	24,900,000	38,500,000	24,000,000	87,400,000
2002	4,300,000	12,000,000	8,300,000	24,600,000

Website Hits

	October	November	December	Total
2003	790,000	830,000	890,000	2,510,000
2002	490,000	500,000	460,000	1,450,000

Website Visitors

	October	November	December	Total
2003	9,200	9,500	10,500	123,700
2002	6,000	6,400	5,700	18,100

ATTACHMENTS

Fourth Quarter Financial Review

BIDLines – December 2003

Communication publication for Property Owners